

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Health	(2) MEETING DATE 12/2/2014	(3) CONTACT/PHONE Penny Borenstein / 781-5519	
(4) SUBJECT Request to approve a three year (December 1, 2014 - November 30, 2017) renewal contract with Contract Pharmacy Services to provide medication dispensing services to the County Jail. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1) Approve a three year (December 1, 2014 – November 30, 2017) renewal contract with Contract Pharmacy Services (CPS) to provide medication dispensing services to the County Jail inmates; and 2) Authorize the Health Agency Director to sign future renewals under this contract through June 30, 2020.			
(6) FUNDING SOURCE(S) General Fund and Public Health Trust Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$379,279.00	(8) ANNUAL FINANCIAL IMPACT \$379,279.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001480		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>1/27/2009</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director
Penny Borenstein, Health Officer/Public Health Administrator

DATE: December 2, 2014

SUBJECT: Request to approve a three year (December 1, 2014 - November 30, 2017) renewal contract with Contract Pharmacy Services to provide medication dispensing services to the County Jail. All Districts.

RECOMMENDATION

It is recommended that the Board:

- 1) Approve a three year (December 1, 2014 – November 30, 2017) renewal contract with Contract Pharmacy Services (CPS) to provide medication dispensing services to the County Jail inmates; and
- 2) Authorize the Health Agency Director to sign future renewals under this contract through June 30, 2020.

DISCUSSION

The Health Agency's Public Health Department has been providing medical services, including medication services, to the County Jail since 1978. In 2004 when the County contracted with Community Health Centers of the Central Coast (CHC) to provide primary care, pharmacy and ancillary services in the community, they also contracted with CHC to provide pharmacy services to the Jail.

In 2009, the Health Agency began a five-year contract with CPS that allowed for both the administration of stock and individual prescription medications to inmates. A "stock" system involves the ordering of bottles or blister packs of medications, called stock, that are used for any inmate that need that medication. From a physician's order, licensed staff (licensed vocational nurses or mental health therapists – LVNs or MHTs) distribute these commonly used medications to each inmate from the stock blister packs. This allows for ordering and purchasing of commonly used medications at less expensive, "bulk" rates. For those medications not commonly prescribed, CPS allows for ordering by prescription. This flexibility has allowed for obtaining lower prices on commonly used medications while also providing specific medications, by inmate, when required.

Not only does CPS provide flexibility in ordering methods, it allows for next-day delivery. This limits the need for visits to local pharmacies that charge retail rates for sudden medication needs. Additionally, CPS provides software and hardware that produces customized utilization reports sorted by inmate, cost, prescriber or drug class. These reports allow the County to institute and enforce use of a formulary, automatic substitutions, standing protocols, and automatic stop orders. CPS provides training in the use of this software, and training in efficient use of the bubble pack system. They conduct a quarterly Pharmacy and Therapeutics meeting to monitor medication use, medication reactions, and to make recommendations regarding medications that are less costly but equally effective.

Since its institution in 2009, the program has enabled a long needed check and balance system that puts a CPS pharmacist in the decision making process prior to furnishing the Jail the ordered medications. The CPS pharmacist has information about patients' medication allergies and other medications the inmate is taking. The process also decreases waste. With CPS, unused medications remaining in the bubble packs can be returned. CPS will accept and reimburse the County for unused and partially used medication blister cards. CHC, previous to the County's contract with CPS, was

not able to accept returned medications.

CPS's program is also used successfully in Siskiyou, Sutter, Trinity and Yuba County Jails.

The CPS contract is for a term of three years commencing on December 1, 2014. It will be renewable after a three year term for three additional one year terms ending June 30, 2020. The contract also delegates to the Health Agency Director the authority to renew the contract.

OTHER AGENCY INVOLVEMENT/IMPACT

The Office of County Counsel has approved the agreement as to form and legal effect. Sheriff Jail staff has been fully informed of this proposed contract and will see no change in service should the contract be implemented.

FINANCIAL CONSIDERATIONS

The CPS contract does not include a maximum dollar amount since the overall cost of medication services is difficult to predict based on the types of medications ordered and the amount of each. However, an encumbrance will be set based on the current approved budget for Jail medications. Below is a chart of current budget and actual costs from the previous two fiscal years for medication dispensing services at the County Jail.

Department	FY 2012-13 Actuals	FY 2013-14 Actuals	FY 2014-15 Budget
Public Health	\$234,234	\$190,951	\$220,000
Behavioral Health	\$186,734	\$209,524	\$159,279
Total Cost	\$420,968	\$400,475	\$379,279
Average Inmate Cost	\$559	\$513	\$480*

*Year to date

It is encouraging to note that in recent years the cost of psychotropic medications per inmate has declined leading to an overall savings in the average inmate cost of medications. This is mainly attributed to a number of expensive medications going generic as well as the Behavioral Health Department's successful implementation of a formulary for psychotropic medications at the Jail. The formulary reduced the amount of expensive brand medications, substituting generic medications if available, or alternatives at a fraction of the cost with the same efficacy.

CPS rates are based on acquisition costs of the medication plus a \$3.25 dispensing fee for prescription medications and \$1.75 dispensing fee for over the counter (OTC) medications. They will accept returns and will reimburse the County for unused medications.

RESULTS

Since the first contract began with CPS in 2009, substantial improvements have been made to the Jail's medication distribution system. System improvements and costs savings to date include:

1. The development of a formulary for prescription medications that has reduced medication costs overall by 41% since 2010.
2. Since 2010, psychotropic drug costs alone have decreased by more than 50%. This, at a time when the number of inmates on psychotropic drugs has increased 35%.
3. CPS allows for ordering of medications online for delivery the next day. This reduced the need for purchasing them at a local pharmacy at retail prices.
4. Regular quarterly meetings conducted by a CPS pharmacist. The pharmacist inspects medication storage procedures on-site and reviews quarterly cost reports with mental health and public health staff. The pharmacist helps analyze cost and drug usage information to recommend less expensive treatment alternatives than may be currently in use.
5. Pharmacist oversight of medication usage and 24/7 pharmacist access.

6. Improved quality control and utilization information through computerized medication records.

These cost saving measures will continue under the new grant cycle, thereby contributing to achievement of the County's vision of a safe, healthy and well-governed community.

ATTACHMENTS

1. Renewal Contract with Contract Pharmacy Services, Inc.